

 <p>Michigan Department of Human Services</p> <p><b>CSA</b></p> <p>Children's Services Administration Communication Issuance</p>	<b>Type:</b> <input checked="" type="checkbox"/> Informational Memorandum (IM) <input type="checkbox"/> Program Instruction (PI) <input type="checkbox"/> Policy Guide (PG)	
	<b>Issuance Date:</b> 05/06/13	<b>Obsolete Date:</b> n/a
	<b>Response Due:</b> n/a	
	<b>Log No.:</b> 13-065	
	<b>Contact:</b> Molly Brown; BrownM1@michigan.gov (517) 335-2692	
	<b>Originating Office:</b> Federal Compliance Division	
	<b>Subject/Title:</b> Auto Recoupment for SWSS FAJ Child Welfare and Juvenile Justice Payments Made in Error.	
	<b>Distribution:</b> <input checked="" type="checkbox"/> DHS Child Welfare Staff <input type="checkbox"/> BCAL <input checked="" type="checkbox"/> Private Agency Child Welfare Staff <input type="checkbox"/> CWTI <input type="checkbox"/> CSA Central Office Managers/Staff <input type="checkbox"/> SACWIS <input type="checkbox"/> Native American Tribes <input type="checkbox"/> Data Management <input checked="" type="checkbox"/> DHS County Directors <input type="checkbox"/> Adult Services Staff <input checked="" type="checkbox"/> Other: Business Service Center Directors	

This IM is being issued to make Department of Human Services (DHS) and Private Agency staff aware that on May 13, 2013, DHS is reinstituting auto-recoupment for any SWSS FAJ child welfare or juvenile justice payment made in error.

### Process

DHS workers who find a payment made in error in SWSS FAJ must complete a DHS-589 Recoupment Notice and submit it to the Federal Compliance Division (FCD) for verification. After verification, FCD will submit the notice to Federal Reporting in Accounting, where the payment made in error will be documented to assist in any potential adjustments to the title IV-E federal claim. The DHS-589 will then be submitted to Reconciliation & Recoupment (R&R). R & R will enter the overpayment event in SWSS FAJ.

The entry of an overpayment event in SWSS FAJ generates a notice to the provider identified during the first week of the following month. The letter explains that the provider can either agree that an overpayment was made or dispute the overpayment. The provider has 14 days to notify R & R that they would like to dispute the overpayment, either via telephone or by signing the second page of the notice and returning it to DHS. The provider has 30 days to provide documentation to DHS to substantiate their dispute; ideally the documentation would consist of DHS paperwork or correspondence clarifying why no overpayment exists.

Should the provider fail to notify R & R or fail to submit valid documentation, the case will be identified as delinquent after 30 days. The overpayment event will be changed to auto recoupment in SWSS FAJ, and the payment system will deduct 20% of any outgoing DHS payment from SWSS FAJ to the provider until the balance of the identified debt is zero. If there are multiple debts for one provider, SWSS FAJ will apply the funds recouped in a payment issued to the first event in auto recoupment status, then to the second event, and so on.

The statement of payment received by the provider after each payment issued from SWSS FAJ reflects any recoupment amount deducted. For example, if Provider A is expecting payment for five youth, each of the youth's payment amount will have 20% deducted from it, should it take that much to bring the balance of the debt to zero.

**PAFC's that participated in the 2010 Payment Reconciliation/Payment Sweep**

In 2010 DHS completed a review of private agency foster care payments for most private agencies. During that effort the agencies that participated provided a spreadsheet of unpaid invoices to DHS and payment was made. If any recoupment had been identified, this recoupment was subtracted from the payment made by DHS. These were lump sum payments.

At that time, the agreement was no further payment claims or recoupments for periods prior to April 1, 2008 would be made. Therefore, DHS will not be issuing recoupments that may be identified for services prior to April 1, 2008 for any agency that participated in the payment reconciliation/payment sweep effort. Agencies should have documentation of their participation. However, if you have any questions regarding this, please contact the DHS Federal Compliance Division at [DHS-Federalcompliance@michigan.gov](mailto:DHS-Federalcompliance@michigan.gov) .